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Williams, T.S.

Policies that serve to
prevent labor disturbances

[S.I.]

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Policies that Serve to Prevent Labor Disturbances

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Z Address Before the New York Society for the
Study of Employment Problems,
Box 615 April 17, 1917

By T. S. WILLIAMS

President Brooklyn Rapid Transit Co.

I have been unable previously to accept the kind and urgent invitations of your Secretary to address you on labor matters, partly because of the pressure of duties and partly on account of other engagements for the times set for your meetings. I have hesitated also because I have no new message to give you, no economic theories to expound, and no pride of opinion as to the best manner of solving this very important problem. Indeed I am convinced that its proper solution will only come with that social millennium which we are all looking forward to, are all according to our own ideas trying to bring about, but which we may not see established on earth in our generation. All that I can contribute to your discussion is some simple, old-fashioned doctrines and the experience of at least one corporation in applying them.

The inherent difficulties lie in human nature as developed rather than in artificial conditions which have been created or have grown up under varying political and economic influences. These natural difficulties on both sides of the labor question are selfishness, slothfulness, envy, ignorance of mutual self-interest, and heedlessness of mutual responsibility. As these important manifestations of human traits cease to be controlling factors, the differences which now lead to industrial conflicts will diminish, giving way to that spirit of cooperation which is the only permanent basis of harmony between what are called capital and labor.

FEB 27 1943 FOR H.E.

Neither laws nor artificial methods will of themselves produce or secure substantial and lasting harmony, and I venture to suggest that if on the labor question the brains of men were directed less to the theories of political economy, less to experimental legislation, and more to the practical application of the teachings of Christ, the sooner would come our social millennium.

It is after all an intensely human question, at the root of the solution of which is the urgent command of the Golden Rule. A spirit of justice, common sense and manly effort will accomplish more in destroying distrust and unreasonable selfishness than all the theories of social reformers ever propounded, and will do more to improve the ultimate conditions of workers than all the so-called labor laws ever proposed or enacted. Economic and social theory occupies an important relation to the development of civilization, and behind it is a humanitarian purpose. But the present day tendency among our theoretical reformers is to magnify the method and minimize the purpose—to stimulate the mind and paralyze the heart. They construct artificial schemes of improvement, expected to be enforced by law or organization, and they do not frequently enough get down to the ground floor of common sense and human nature.

He is a poor student of modern history who does not see that the greatest progress which has been made in the improvement of working conditions has been due primarily to the growing recognition and practical application of the Golden Rule. Not only as a matter of principle but as a matter of policy has the impulse of fair dealing and human fellowship become a dominant influence in our industrial life. I believe it offers the greatest hope for industrial peace; but in reiterating that idea I wish also to distinguish between the healthful sentiment which encourages coöperation and the demoralizing sentimentality which invites conflict. Unfortunately, the broadening of human sympathy, misdirected and misapplied as it occasionally is, has been a two edged sword in the field of labor; for excessive senti-

ment, when it breeds individual dependence instead of self-reliance, creates a situation destructive of healthful relations between employer and employee, and no coöperation of labor and capital can be successful which is founded on one-sided charity. The injunction to do unto others as you would have them do unto you is a double commandment, with mutual obligations. There is nothing more antagonistic to the average worker, or to any self-reliant individual, than the assumption that his employment is a manifestation of charity, or that things done for his industrial welfare are cold blooded baits for his loyalty. He has services to give and he wants value received. He asks no benefactions, but he expects conditions which encourage faithful work, and furnish healthful and reasonable living. Opportunity the superior man always has. It is with the great mass of men of average industry and ability that the labor question is chiefly concerned.

I eliminate this excessive sentimentality from the Golden Rule and emphasize the evil of its indulgence not only because it puts labor and capital upon a false basis of relation, but because there are symptoms that it is undermining the substantial foundations of American character, and in that way threatening some of our cherished political principles. We cannot fail to note that simultaneously with the development of sympathy and philanthropy in this country have come millions of emigrants from foreign lands, who have breathed from their birth an atmosphere of dependence. Many of them have left that atmosphere behind and have absorbed the real American spirit. But too many of them are as unlike the early settlers in America in this respect as the cripple is unlike the athlete. They have been educated to take all they can get, and to give as little as they have to. Our prodigal and excessive manifestations of benevolence and sentiment exhibited individually, collectively, and sometimes legislatively, are breeding among such emigrants and their children a different and less manly race of Americans. It is these people and this weakening influence upon character that develop

many of our so-called labor troubles and make them difficult to handle. While the generous impulse is good, the effects are dangerous. The charity which helps, whether it springs from enlightened sense of self-interest or from love of fellow man, or from both, is that which builds up character and develops self-reliant men. To help others to help themselves appeals to self-respect and makes both the giver and the recipient strong. The mere dispensation of benevolence as applied to industry usually emasculates character and encourages idleness and discontent.

I understand that your society is composed of individual employers, of corporate employers, and of some public service corporations. The rudimentary principles which I have referred to apply equally to all. I appreciate, however, that important as the labor question is to all of you it has a different aspect when it concerns the individual employer as distinguished from the corporate employer, and especially when it concerns those public utilities upon whose continuity of service the people are dependent for the prosecution of their ordinary occupations.

The individual employer is the freest of all in the determination of his relations to his employees. He is limited in his opportunities only by business conditions. He may give his employees all that his industry yields, or he may share with them on an equitable basis. Subject to the limitations which I have mentioned, he may regulate the hours of labor as may satisfy his employees, and fix their wages. He may surround them with all modern provisions for comfort and health, and except as he may be further limited by the demands of organized labor he is generally free to do as his sense of fairness indicates, consistently with the making of such profit as may satisfy his desires. If he cannot agree with his employees he can get others, if possible, or he can shut down his business. A cessation of his industry is only in a remote and indirect way of interest to the public.

The mercantile or manufacturing concern, organized as a corporation, is in many of these respects as free as the in-

dividual employer. It is subject, however, in its decisions and policies, not to one man's approval, but to that of its stockholders and bondholders, whether they be few or many. The officers and directors are responsible in their operations, not to themselves alone, but to the real employers, namely, the holders of the securities of their corporation.

In the case of a public service corporation, however, there are numerous interferences in the establishment of harmonious relations between the money which furnishes the facilities and the labor which moves the enterprise. For law to a great extent fixes the unit of income. Law and regulation control to a great degree the character and volume of expense. Law and regulation frequently determine the hours of labor, and sometimes, as we have seen recently, the minimum rate of wages. A cessation of service inconveniences or injures the public, and irrespective of whether such cessation is justified or unjustified the corporation is expected to supply public service. No principle involved in an interruption of activities, no matter how sacred it may be to our convictions, can long survive a popular protest against the inconvenience and injury of interrupted service, even though that protest be based upon selfishness. Moreover, the public service corporation is not free to wind up and discontinue its business. It has contracted to serve the public, and it must continue to serve it whether such service is profitable or unprofitable, trusting to the fair sense and self-interest of the people to permit more favorable opportunities for enterprise.

It will be seen, therefore, that while the subject of labor problems affects all industries, and while the underlying principles of relations apply equally to all, there are particular phases of it which make its proper solution especially important to the public service corporation and to the great body of the people which such corporations serve. I assume you expect me to discuss especially this side of the problem, and I suppose your reason for inviting me here is because I represent a public service corporation which has been conspicuous in avoiding so-called labor difficulties, and which

of all the transportation companies in Greater New York was not entangled in the labor disturbances of last summer. It is true that for eighteen years we have been a tolerably happy family, and there has been no interruption to our operations by reason of differences between company and employees. This result may have been good fortune, but I believe the explanation is more substantial, and that it is found in the character of the relations which have been built up through mutual effort and along natural lines. I cannot give you a clearer idea of my meaning than by describing to you our situation and experience when last summer came the supreme test of the principles and purposes which have long animated our organization. The situation then confronting us involved both a condition and a theory, and was outlined in the circular letter which I addressed to our employees under date of August 3rd, and from which I quote:

Within the week a handful of men from other cities have injected themselves into the transportation situation on some of the lines in Greater New York and threaten, if they cannot rule, to stop the operation of every car in the community. They include Brooklyn in their boastful plans.

The remarkable thing about this demonstration is that it is aimed not only at some small companies where possible differences existed as to conditions of employment, but at companies whose men seemed generally satisfied with conditions and have presented no grievances. The declared purpose of the agitators relates only incidentally to wages or hours—demands as to these would apparently be waived if the companies would concede the right of the outsiders to speak for the companies' men. To accomplish their purpose they would deprive between five and six million people of transportation facilities, and inflict an irreparable loss and injury upon the business of New York.

Can we for a moment, either as employees charged with a public duty, or as joint workers in a great industry, entrust our interests to these men? What is their character or their record of practical philanthropy which would justify us in expecting that they can do better for us than we can do for ourselves? Will the public be better served by their participation in our operations?

For myself there is only one answer to these questions. For more than twenty-one years my heart and energy have

been absorbed in the progress of our railroad system and its workers. I have looked upon a public service corporation not as a cold creation of statute, but as a partnership of brains, money and muscle for the public good. I have regarded directors, officers and men as a democracy of workers—trustees, to be sure, for those whose savings have made possible our railroads and for the public whom we serve, but also guardians of each other's welfare and sharers in the prosperity which our labors produce. My chief ambition has been to see the Brooklyn Rapid Transit Company in these respects a model corporation. In attaining this ideal there is no dissenting voice in our organization, but full, earnest and united cooperation from every director, every officer, every head of department, and I believe, from every other employee. Much has been accomplished, but much more remains to be done. What has been done could not have been attained without mutual confidence in intention and fellowship in performance. Can there be either confidence or fellowship under conditions which disturbers of an industrial peace now seek to impose upon us?—a condition either of armed neutrality or of war between officers and men,—no direct relation but a barrier of suspicion and the cold atmosphere of bargain.

I have no reason to believe that any of my co-workers looks with favor upon this outside agitation and wishes it to extend to Brooklyn. On the contrary there seems to be every evidence that the vast majority of them regard it with disfavor and will not be parties to destroying the relations which now exist, or to inconveniencing the public by severing their connection with the company on such an issue. The company will not compromise or sacrifice what it believes to be the interests of its men by dealing with these outsiders. It will protect its workers in the discharge of their duties. It will continue to encourage faithful service. It will to the extent of its ability, not only as a matter of wise corporate policy, but as a matter of justice, continue to conform working conditions and compensation to the reasonable satisfaction of its men. It would be a calamity to them and a blow to industrial cooperation and progress if the relations which we have joined in establishing should now be broken. It has not required the assistance or advice of outsiders to bring about three increases in wages during the last four years. It has not required such help to establish pensions, sick benefits, life insurance, medical attendance, good fellowship and the principle of reward for merit. These activities of the company have no flavor of

charity. They are desirable for the interest of the stockholders and they are a necessity of justice to our men. They are your creation more than that of the company. They are shaped to appeal to self-reliance and manly effort—not to dependence and weakness. You whose service has been long enough to experience their advantages know whether you will lightly give them up, or whether, measured by their steady enlargement and the evidence of sincerity behind them, they could be expected to continue and grow under the less favorable conditions of employment which others are seeking to foist upon you.

I am under no delusion that every worker in our ranks finds conditions just as he would like them. I do not for one. There are necessary limitations to complete satisfaction in any occupation. We have ours—particularly just now that we have joined with the city in a vast enlargement of transportation facilities which will for some time be a burden upon our resources as well as upon the tax-payers. But the ultimate result ought to be helpful to all, and our opportunity for usefulness to the public and our ability for advancing the standards of employment ought to increase.

I write this letter to those who work with me for this system so that you may know frankly how I regard this foreign attack upon our relations and our aims. I write it also because I want your help in correcting, if possible, any state of things which produces discontent. Since this outside agitation began I have received letters from only four men out of our ten thousand transportation employees, by way of criticism or suggestion, and these may not have been written by our men, because no names were signed. My associate officers say they have received none. I therefore ask that any employee who knows of any general or particular grievance, or who has any suggestion to make for the betterment of conditions, or of service, will write directly to me over his signature, and I assure him that his statements and suggestions will receive very careful consideration from myself and from heads of departments, and that if reported grievances are found to exist and can be corrected the disposition is here to correct them. In this way I can keep in closer touch with matters which affect our joint interest and be of greater service both to you and to the public. I sincerely hope that you will thus assist me in helping you.

The subsequent developments were gratifying. In response to my request for suggestions, I received about a

hundred letters, many of which embodied no complaint but assurances of loyalty, very few of which had any criticism of hours or of wages, some of which advised a re-adjustment of time table schedules and changes in comparatively unimportant conditions, and some recommended closer opportunity of communication between the men in the ranks and their officers. Wherever the suggestions seemed reasonable and practicable they were put into effect, but the greatest change instituted was the creation in each large department of our organization of a committee of Departmental Trustees, selected by the men themselves under a secret ballot, such committee constituting a direct and continuing medium of communication between the employees of any department and the head of that department. This change was effected by enlarging the powers of what is called our Employees' Benefit Association (a voluntary organization of employees for social, sickness and death benefits), comprising over 10,000 members, of whom 8,658 voted for the new plan. In the meantime strenuous efforts were continued by outsiders to organize our men into the so-called Amalgamated Association of Street Railroad Employees, which organization comprised employees in other cities and had recently established a foothold in Manhattan, the Bronx, Staten Island and Queens. No encouragement to these efforts was given by our men, and the propaganda was after some weeks abandoned. So loyal was the attitude of our men, and so unanimous and generous was their expression of confidence and satisfaction, that the directors subsequently increased wages to the extent of about \$650,000 a year. This was in recognition of demonstrated loyalty and fidelity, and because it came in this way was doubly appreciated as a further evidence of manful relation.

Now, there was only one real explanation for this gratifying result, and that was the simple one of mutual confidence. It makes little difference what wages are paid, what hours are established, what wholesome conditions of employment exist, if they are not accompanied by belief in honest purpose and fair management. The establishment of that

mutual confidence through years of peaceful relation was our main bulwark when outside influences sought to stir up dissension. It was the strongest tie which bound us together. We see many evidences now-a-days of so-called welfare work, embodying life and health insurance, pensions, collective bargainings, profit sharing and the like, all of which may be exceedingly praiseworthy, but too often they are put forth because they are corporately fashionable and because they have a good public effect, and not because the right impulse permeates the directing organization. Beneficiaries are apt to be keen in estimating the influencing purpose. Behind the deed must be the spirit, and where such efforts are the result of faddish movements, of legislation fiat, or have a distinctive flavor of mere benevolence, they have no solid basis and cannot long be effective. Where they are based upon an enlightened conception of reciprocal interest, upon justice and fairness, and that underlying attitude bears the unmistakable stamp of the genuine article, then distrust and suspicion disappear as recognition advances, and you have in the substantial framework of your industry the only permanent reliance against labor disturbances. If employees are convinced that the management is sincere in its attitude towards them, regards them in a common fellowship, and will share its prosperity with them as it is able, they would not be real men if they did not stand by the management when it needed them; and if, on the other hand, the management believes and relies upon their loyalty, it would indeed be a mismanaged management if it did not do the best it could for them.

Enlightened self-interest is not in its true and broad sense a manifestation of selfishness. Self-interest involves necessarily fellow interest. We cannot be contented and happy as individuals when others are suffering. Invested capital cannot be permanently secure or adequately rewarded under conditions of employment which are unjust, oppressive or unreasonable, and if it could society would not be satisfied. Enterprise is indeed a partnership of money, brains and muscle. Its life cannot persist and expand without the

cöoperation of these associate interests. Some of its members contribute only money, a few contribute only brains, and many contribute chiefly muscle, but all members must get satisfaction out of the results. If capital is disappointed the enterprise must languish, and the workers' share must be diminished. If brains are deficient or misdirected both money and muscle are wasted. But brains and muscle properly directed give encouragement and stimulus to capital, and capital is vitally interested in seeing brains and muscle reciprocally rewarded and satisfied.

In the large corporation, where the real employers, namely, the investors, are necessarily separated from any direct relation to the employed, the establishment of this reciprocal principle is in some respects easier of accomplishment. The individual investor is a human being like other human beings. He is in these days of wide distribution of the visible signs of property—deeds, stocks, bonds, bank credits and insurance policies—merely an average reflex of society itself, with its aims and ideals. He has presumably no desire that those who protect and make good his investment should not be amply rewarded. The employees in such a corporate enterprise are all those who administer the investors' money and take part in producing its returns—directors and officers, as well as those in the lower ranks. All are engaged in a cöoperative movement. Corporate industry has gotten a long way from the old idea of master and servant. Organization is necessary, classification of employment and compensation is necessary, but every worker, from lowest to highest, must be imbued with the cöoperative spirit, and within the limits of his own opportunities and responsibilities be faithful and fair. This you say is idealistic, but idealism is now coming to its own, and the principle I have tried to emphasize is not impossible, not impracticable, nor untried. To a greater degree than ever before it is animating the operations of industry. It is in harmony with the development of civilization and with the longings of men. You say it depends too much upon the personal equation, and that in the large industrial

organization, where the managing officers do not come in close or frequent contact with the great body of workers, encouragement to such relations is not fostered. But the whole salvation of the human race is a matter of the personal equation. There is no hope for humanity if only a few are to be humanized. The real standard of civilization is that of the mass, not of the few. The right influence from top down, or from the bottom up, manifested in every day's transactions of a big organization, needs no physical embodiment to make itself felt—no constant contact between man and officer—however desirable and useful that may be. It becomes part of the atmosphere, and those who breathe it, consciously or unconsciously, become transformed. It is the great intangible but genuinely productive asset of the corporation.

This simple industrial philosophy presents the rational, common sense remedy and the journey of least resistance. Consider what a miscellaneous assortment of artificial and more or less forcible economic devices it eliminates! All it requires is disposition and its direction. Ambition was never so keen for its realization. All that is needed is the education of the sense of individual responsibility. Each in his own way, large or small, can be a factor in the solution. This is the pathway of peace, of harmony, of good will. Outside is the field of discord and the plane of conflict.

And when in history has the world been so much akin as now? If out of our sorrows and sacrifices we do not produce a soberer concept—a closer human fellowship and brotherhood—then our wars will have been in vain, and civilization in our day at least will be doomed. The goal of idealism may indeed be far removed, but the course is straight and natural if we will but see it.

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